

NASHVILLE JAZZ WORKSHOP
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2022

**NASHVILLE JAZZ WORKSHOP
FINANCIAL STATEMENTS
JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Nashville Jazz Workshop

Opinion

We have audited the accompanying statements of Nashville Jazz Workshop which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nashville Jazz Workshop as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nashville Jazz Workshop, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Nashville Jazz Workshop's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a

substantial likelihood that, individually, or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to the risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nashville Jazz Workshop's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt Nashville Jazz Workshop's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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November 9, 2022

NASHVILLE JAZZ WORKSHOP
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

Current Assets

Cash and cash equivalents	\$ 304,344
Grants receivable	93,031
Prepays	3,195
Total current assets	<u>400,570</u>

Property and Equipment (net of
accumulated depreciation of \$167,177)

312,060

Other Assets

Long-term investments	20,129
Security deposit	36,338
Total other assets	<u>56,467</u>

Total assets	<u><u>\$ 769,097</u></u>
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 10,182
Accrued liabilities	2,000
Deferred revenue	11,189
Tenant improvement allowance	15,070
Total current liabilities	<u>38,441</u>

Tenant improvement allowance

	<u>30,140</u>
Total liabilities	<u>68,581</u>

Net Assets

Without donor restrictions	692,308
With donor restrictions	8,208
Total net assets	<u>700,516</u>

Total liabilities and net assets	<u><u>\$ 769,097</u></u>
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The accompanying notes are an integral part of these financial statements

**NASHVILLE JAZZ WORKSHOP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenue			
Public Support:			
Contributions	\$ 207,096	\$ -	\$ 207,096
Grant Revenue	126,700	-	126,700
Government grant revenue	340,460	-	340,460
Special event revenue:			
Revenue	74,870	-	74,870
Less direct costs	(58,888)	-	(58,888)
Net revenue from special events	15,982	-	15,982
Total public support	690,238	-	690,238
Other Revenue:			
Tuition	104,685	-	104,685
Less: scholarships and discounts	(2,588)	-	(2,588)
Net tuition	102,097	-	102,097
Performances	42,605	-	42,605
Rental income	4,161	-	4,161
Merchandise income	1,354	-	1,354
Investment loss, net	(4,618)	-	(4,618)
Interest income	103	-	103
Total revenue	145,702	-	145,702
Net assets released from restrictions	11,959	(11,959)	-
Total public support and revenue	847,899	(11,959)	835,940
Expenses			
Program services	458,223	-	458,223
Management and general	151,396	-	151,396
Fundraising	75,958	-	75,958
Total expenses	685,577	-	685,577
Change in net assets	162,322	(11,959)	150,363
Net assets at beginning of year	529,986	20,167	550,153
Net assets at end of year	\$ 692,308	\$ 8,208	\$ 700,516

The accompanying notes are an integral part of these financial statements

**NASHVILLE JAZZ WORKSHOP
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

Cash Flows From Operating Activities:

Change in net assets	\$ 150,363
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	79,169
Scholarships and discounts	2,588
Investment loss, net	4,618
Reduction in rent expense with tenant allowance	(15,070)
Changes in operating assets and liabilities:	
Grants receivable	(79,058)
Contributions receivable	23,617
Accounts receivable	3,579
Other receivable	75,350
Prepays	7,631
Accounts payable	(43,220)
Accrued liabilities	(2,610)
Tenant improvement allowance	(15,070)
Deferred revenue	11,188
Net cash provided by operating activities	<u>203,075</u>

Cash Flows From Investing Activities:

Net purchases of investments	(9,085)
Purchases of property and equipment	<u>(20,793)</u>
Net cash used in investing activities	(29,878)
 Net change in cash and cash equivalents	 173,197
Cash and cash equivalents at beginning of year	131,147
Cash and cash equivalents at end of year	<u><u>\$ 304,344</u></u>

The accompanying notes are an integral part of these financial statements

**NASHVILLE JAZZ WORKSHOP
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022**

	Program Services				Supporting Services			
	Professional Education	Performances	Community Education	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 84,476	\$ 47,234	\$ 10,213	\$ 141,923	\$ 14,915	\$ 44,743	\$ 59,658	\$ 201,581
Employee benefits	8,647	3,611	-	12,258	3,510	3,510	7,020	19,278
Payroll taxes	6,623	3,703	801	11,127	1,161	3,508	4,669	15,796
Total compensation	99,746	54,548	11,014	165,308	19,586	51,761	71,347	236,655
Contract labor	48,909	75,379	67,926	192,214	9,430	9,967	19,397	211,611
Professional Fees	2,833	2,833	2,834	8,500	-	-	-	8,500
Banking and merchant fees	2,382	-	-	2,382	3,572	-	3,572	5,954
Facilities	25,095	23,134	17,071	65,300	22,520	10,293	32,813	98,113
Moving and storage	-	-	-	-	6,302	-	6,302	6,302
Office expenses	3,283	2,295	3,104	8,682	4,471	3,937	8,408	17,090
Performance expenses	-	8,441	3,428	11,869	-	-	-	11,869
Insurance	3,968	-	-	3,968	6,346	-	6,346	10,314
Scholarships	225	-	2,363	2,588	-	-	-	2,588
Direct expenses of special events	-	-	-	-	-	58,888	58,888	58,888
Depreciation	-	-	-	-	79,169	-	79,169	79,169
Total expenses	\$ 186,441	\$ 166,630	\$ 107,740	\$ 460,811	\$ 151,396	\$ 134,846	\$ 286,242	\$ 747,053
Less: expenses netted with revenue on statement of activities:								
Scholarships	(225)	-	(2,363)	(2,588)	-	-	-	(2,588)
Direct expenses of special events	-	-	-	-	-	(58,888)	(58,888)	(58,888)
Total expenses by function	\$ 186,216	\$ 166,630	\$ 105,377	\$ 458,223	\$ 151,396	\$ 75,958	\$ 227,354	\$ 685,577
Current year's percentages	27.2%	24.3%	15.4%	66.8%	22.1%	11.1%	33.2%	100.0%

The accompanying notes are an integral part of these financial statements

NASHVILLE JAZZ WORKSHOP
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Nashville Jazz Workshop (the “Organization”), a nonprofit organization chartered in the State of Tennessee in 2000, enriches people’s lives and build community through world class jazz education and performances. The Organization is supported primarily through local grants, individual contributions, and special events and earns income from tuition and performances.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor’s instructions.

Restrictions that are fulfilled in the same accounting period in which the contributions are received are reported in the statement of activities as net assets without donor restrictions. When a restriction expires in a period after the contributions are received, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

NASHVILLE JAZZ WORKSHOP
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Presentation-continued

The amount for each of these classes of net assets is displayed in the statement of financial position and the amount of change in each class of net assets is displayed in the statement of activities.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all cash funds, cash bank accounts and highly liquid debt instruments, with an original maturity when purchased of three months or less, to be cash and cash equivalents.

Other Receivable

The Organization considers other receivable to be fully collectible at year-end. Accordingly, no allowance for doubtful accounts has been recorded

Grants Receivable

The Organization considers grants receivable to be fully collectible at year-end. Accordingly, no allowance for doubtful accounts has been recorded.

Property and Equipment

Property and equipment are recorded at cost to the Organization, or if donated, at the estimated fair market value at the date of donation. All depreciation is computed using the straight-line method based on the estimated useful life of the asset. Estimated useful lives are 5-7 years for office furniture, leasehold improvements, and equipment.

Expenditures for repairs and maintenance are charged to operations when incurred.

Investments

Investments are stated at fair market value. Unrealized gains and losses as well as appreciation or depreciation in market value and dividend income are reflected in the Statement of Activities as net investment loss.

NASHVILLE JAZZ WORKSHOP
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Grants and Contributions: Grants and contributions are recognized when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest are received. Conditional promises to give, including those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Contributions that are restricted by the donor are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Government grants: A portion of the Organization's revenue is derived from a cost-reimbursable government grant agreement, which is conditioned upon the attainment of certain performance requirements and the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue with the Organization has incurred expenditures in compliance with the specific grant provisions.

Special events revenues: Revenues from special events are recognized as those events occur.

Tuition: The Organization provides educational workshops, camps, and public programs. Fees for these activities are recognized as revenue at the time the activities are held. Financial aid provided by the Organization as well as sponsorships paid by individual contributions for tuition are reflected as reductions in tuition. Amounts received for next year's activities are recorded as deferred revenues.

Performances: Ticket sales are generally non-refundable and are recognized at the time the transaction is executed by the ticketholder.

Rental income: The Organization offers its building spaces for meetings and other events. Revenue from these events is recognized when the event occurs, and services are rendered to the customer.

Deferred Revenue

Deferred revenue represents amounts received in advance for workshops to be rendered in the following fiscal year. Such deferred revenue is typically recognized as revenue within the following fiscal year.

NASHVILLE JAZZ WORKSHOP
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Expense Recognition and Allocation

The costs of providing program services and supporting services have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.
- Telephone, travel and meetings, and miscellaneous expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the website is updated with requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Organization is a nonprofit organization exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purpose (unless that income is otherwise excluded by the IRC). Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The Organization is not classified as a private foundation.

NASHVILLE JAZZ WORKSHOP
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Organization has \$389,166 of financial assets available within 1 year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$296,135, and grants receivable of \$93,031. None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

The Organization has a goal to maintain financial assets, which consist of cash on hand to meet 120 days of normal operating expenses. The Organization also has a policy to structure its financial assets to be available as its general expenditures, liabilities, and any other obligations come due.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2022:

Leasehold improvements	\$ 383,114
Studio equipment	57,412
Office equipment and fixtures	33,377
Classroom equipment	<u>5,334</u>
	\$ 479,237
Less accumulated depreciation	<u>(167,177)</u>
	<u>\$ 312,060</u>

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENT

Investments consist of equity securities at June 30, 2022:

	Level 1
	<u>Inputs</u>
Equity securities	\$11,002
Mutual funds	7,451
Exchange Traded Products	<u>1,676</u>
	<u>\$20,129</u>

In determining fair value, the Organization uses valuation approach within the FASB ASC 820 fair value measurement framework. The fair value of equity securities is determined using Level 1 inputs in accordance with FASB ASC 820. Level 1 is for investments measured at quoted prices in active markets for identical investments as of June 30, 2022.

NASHVILLE JAZZ WORKSHOP
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

At June 30, 2022, net assets with donor restrictions are available for the following purposes:

Scholarships for classes	\$ 8,208
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Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

Scholarships for classes	\$ 11,959
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NOTE 6 – LEASE COMMITMENT

During 2021, the Organization received \$75,350 in tenant leasehold improvement allowances to fund improvements at the Organization's office facility. Such amount has been recorded as a tenant improvement allowance in the Statement of Financial Position and is being recognized as a reduction in rent expense over the life of the related improvements, resulting in an annual reduction in rent totaling \$15,070 for the year ended June 30, 2022. The net tenant improvement allowance totals \$45,210 at June 30, 2022.

The Organization leases office facilities under an operating lease which expires September 30, 2024. Rent expense for the year ended June 30, 2022 totaled \$78,037.

Future minimum rental payments under the office operating lease are as follows:

Year Ending	
<u>June 30</u>	<u>Amount</u>
2023	\$ 78,407
2024	80,759
2025	<u>20,338</u>
	<u>\$ 179,504</u>

NASHVILLE JAZZ WORKSHOP
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

NOTE 7 – SUBSEQUENT EVENTS

The Organization evaluated subsequent events through November 9, 2022, the issuance of the Organization's financial statements.